Photo **TRENDS**

Camera market shift sets 35mm film on a roll

The shift in the camera market to 35mm photography has also sparked a fundamental change in the market for film.

Of the 731 million rolls sold to dealers last year, more than half were 35mm, the Photo Marketing Association reports. By 1990, the report indicated, 70% to 75% of all film sold will be in the 35mm format.

"I think disc film has reached a saturation point, and 35mm is really leading the way," said Ron Dubner, national manager of chain accounts for Fuji Photo Film USA. "The 35mm film buyer is a different type of customer, who doesn't mind paying more for film and processing."

Film manufacturers are promoting their products more aggressively than ever as the field crowds with new competitors. One of the toughest has been 3M—already the nation's largest maker of private-label film—which last year began marketing 35mm and disc color film under its powerful Scotch brand.

The company began an aggressive, customized sales and marketing program for Scotch film and gained rapid market penetration. One notable conquest has been Wal-Mart, which switched from Fuji to 3M under its "Buy American" campaign.

The leaders in the market have responded with their own aggressive marketing plans for this year. Kodak, for instance, is expanding its multipack offerings and is shipping a special bonus pack, with 12 free exposures, for an April promotion on packs of three rolls. In May, the industry leader will kick off a major coupon promotion good for 50¢ off the purchase of two rolls and discounts at major theme parks. To drive disc film sales, Kodak is also boosting co-op advertising allowances on disc by 50% this year.

Fuji, which maintains a strong franchise in many outlets, will also "take an aggressive stand and continue with a strong consumer promotion campaign" in 1987, Dubner said. Fuji has become the official film of major league baseball, beginning this year, and has hired baseball great Mickey Mantle as its corporate spokesman for 1987.

Source: Photo Marketing Association estimates

PMA reports Americans took about 13.9 billion exposures in 1986, an increase of 5%-6% over 1985.

Retailers pair batteries, photo

The entry of Eastman Kodak into the competitive battery market last year underscored the close kinship between batteries and photo supplies on retailers' shelves. That natural relationship of categories is being heavily exploited by drug store photo merchandisers, who generally position smaller-sized batteries in close proximity to their camera departments as well as in separate sections.

The reasoning is simple enough, since the categories go hand in hand. By exploiting the dependence of picture-taking consumers on batteries, retailers are also helping to drive the battery market ahead with annual sales increases of about 10% in dollars, for total sales last year of about $2.5 billion.

Together, drug chain and independent drug stores control about 20% of the battery market. In their favor is the fact that women now purchase more than half of all batteries. Between them, however, discount stores and supermarkets account for well over half of all battery sales.

For retailers, the entry of newer competitors like Kodak and Panasonic, with their own long-life battery products, has sparked a category traditionally dominated by Eveready Battery and Duracell USA.

Efforts by manufacturers to improve market share have led to product and packaging innovations over the past several years, like longer-life power cells and multipacks (pioneered by Rayovac).

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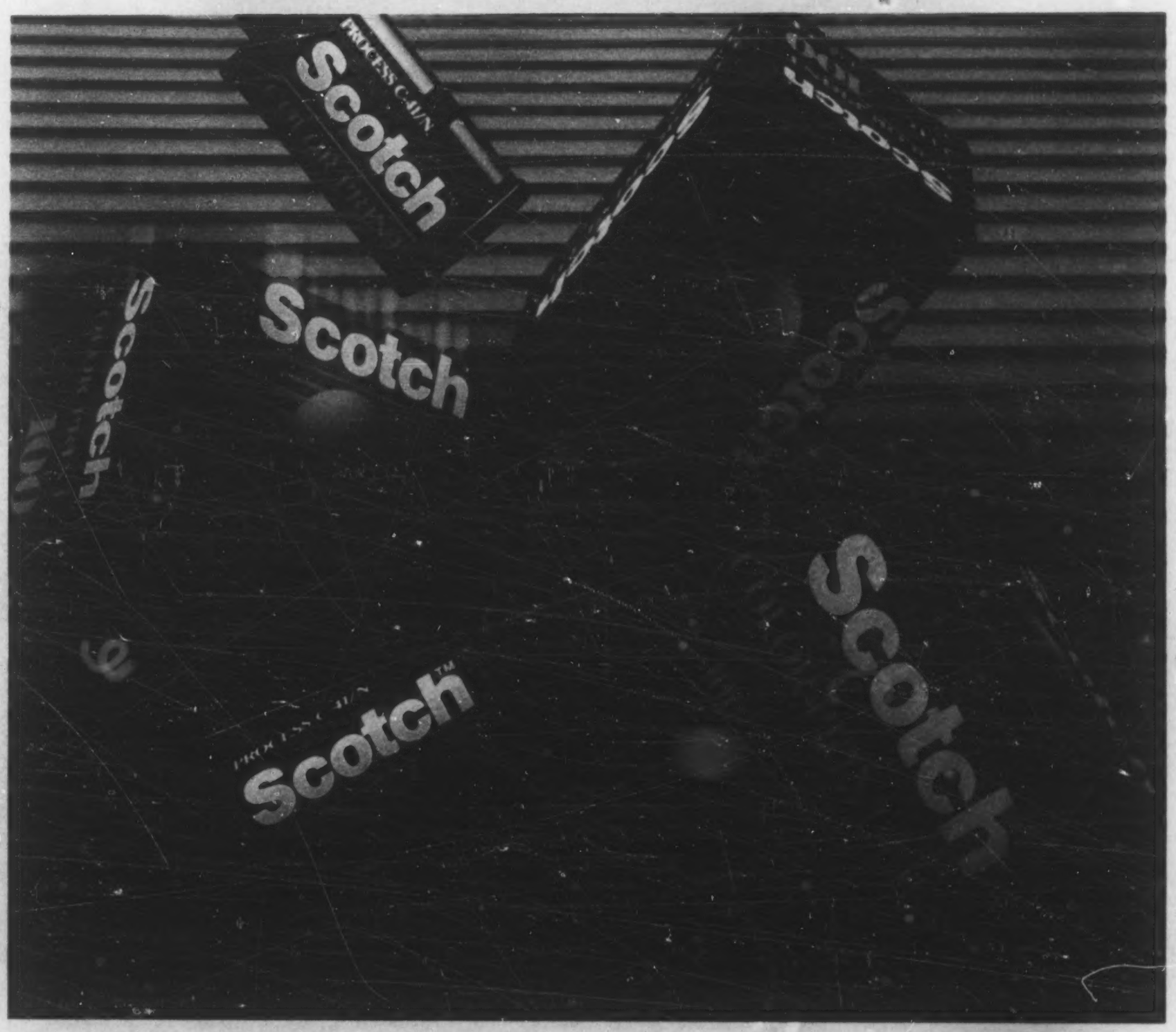

Very fast. A recent study shows that consumers are immediately motivated to try Scotch® color film because of its competitive price.

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But you'd better hurry. Because like our film, they're going fast.

Picture[redacted]rfect.

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3M

At Dart, Greenbelt, Md., popular-priced men's colognes and after-shaves benefit by being near cosmetics and costume jewelry.

In Revco, as in other drug stores, the best selling men's toiletries are still the grooming aids: shaving creams, after-shave lotions, hair sprays and colognes.

After-shaves still best sellers in men's toiletries

Although some department stores report that men's toiletries sales made a big splash in 1986, especially at Christmas, most drug chains quote more moderate growth rates.

"Steady, but not dramatic" is the way buyers for men's toiletry items characterize year-to-date growth in this category.

Retailers say the category's best selling products are still the low-priced after-shave lotions "that have been around forever": brands such as Old Spice, Brut 33 and English Leather.

They see the strongest growth coming from what many describe as the "prestige mass lines segment,"—Chaps, Stetson, Jovan, Pierre Cardin.

While most buyers don't see dramatic overall growth in the men's toiletries segment, they see the prestige mass segment taking some market share away from the value-priced brands.

Dollar, unit sales

Most buyers agree with A. C. Nielsen, which is estimating that for the first 10 months of 1986, overall dollar sales were up about 9%, while unit sales were down about 1%.

"It's a good, basic business," said one Midwestern drug chain spokesman, "but it's not a gangbusters category. We just get a good, steady, nice business from that category."

"The best sellers are the after-shaves and the colognes," said Dart's Harvey Greene, "but they last a long time, and you can't get dramatic growth from a category that hasn't got a high consumption rate."

"It's not a growing category for us," said Gary Lefferts, president of Austin Drug in East Meadow, N.Y. "With the natural look coming back, even the men's hair sprays aren't as strong as they used to be.

"We do a normal steady business in the basics, but there's nothing exciting to report."

"Each year, we hope it'll fulfill its potential," said Dan Herrmann, former president of Fay's Drug in Liverpool, N.Y. "And each year, we seldom see it any greater than single-digit growth. I've never seen so much effort put into a category with so little results."

Men's skin care

Despite the publicity surrounding the new market for men's skin care items, drug chain retailers say this segment hasn't caught on in their stores, and most doubt that it will in the near future.

"We don't buy skin care items for men yet," says Mary Baker, the cosmetics buyer for Hook Drugs, "because we just don't think our market is ready yet for skin care for men."

"We don't do anything extensive in men's cosmetics," Lefferts added.

"Manufacturers are not advertising this segment enough yet," said Herrmann, "but then again, how much can they spend if they just can't get enough people to use it?"

At Dart Drug, cosmetics/merchandiser Marge De Long believes a market may be developing for men's skin care in major department stores, but it's developing slowly and isn't anywhere near trickling down to the mass market stores.

"I wish more was happening in this segment," she said. "I'd like to see a launch for the mass market that the manufacturers would stand behind and support with some heavy advertising. No one's done this yet, and it might make a difference."

Men's fragrances

In 1986, there weren't many new product introductions to spark sales in men's mass fragrances. Beecham introduced the Adidas line in the fall of 1986, but there were no other major launches in 1986.

Chain drug retailers say this segment needs to see more new product activity.

"There's nothing that's been exciting out there," said Dart's Greene. "The customer is still buying all the old standbys. They're a brand-loyal market, and they're still going with Polo or Jovan or Aramis or Mennen or Old Spice."

"We're getting our greatest turns from the low-priced after-shave segment of the category," said Baker.

The Adidas line of men's toiletries, say buyers, is doing all right, but not spectacularly.

"It's building," said Baker, "but slowly."

In fact, buyers are starting to weed out some of the sku's in the Adidas line. Most say they're keeping the Adidas after-shave and the deodorant, but are dropping the spray and the muscle lotion. One buyer called the muscle lotion "an expensive gimmick" and another said its appeal was limited because something in the formula "smells like Ben Gay."

Herrmann, recently of Fay's, said the Pierre Cardin Musk was a disappointment. "I wonder if there were more than six pieces sold in the country," he said.

But in department stores, and in select drug stores, cosmeticians were reporting that the musk sold rather well.

At Dart, Marge De Long was hopeful that the money Lever Brothers is spending to support its new Access deodorant cologne spray might spark some sales.

"The packaging isn't bad. They're doing national advertising. They might have a winner," she said. "But there's a high price on it, and it's just too soon to tell."

Grooming aids sell best

The Consort line, made by Alberto-Culver, was generally rated excellent by retailers. Hook's Baker said, "We never even promote it and it still sells well. It's a really good brand."

Herrmann said that the best sellers

Continued on page 16

Men's Toiletries: Dollar sales growth
(After-shave lotions and colognes)

1985 (in millions)	% change from 1984	1986* (in millions)	% change from 1985
$471.1	4%	$370.5	9%

*First 10 months of 1986
Source: A. C. Nielsen

Where shoppers buy men's toiletries
(% of 1985 dollar sales)

	Drug stores	Food stores	Mass merchandise stores
After-shave lotion/colognes	57.7%	17.4%	24.9%
Men's hair preps	38.5	45.4	16.1
Shaving creams	32.2	49.0	18.8
Blades/razors	29.6	52.6	17.8

Source: A. C. Nielsen

Women seek bargains, men look for basics

What is the typical men's toiletries shopper looking for in an average drug store?

Bargains, say buyers. "Women are buying what's on promotion."

The men, however, are looking for the basics—after-shaves, hair sprays and colognes.

"The men are definitely not looking for fads," said several buyers.

Most drug store retailers say women make the majority of purchases in men's toiletries. That's one reason why men's fragrances are usually merchandised in the women's fragrance section, rather than in the men's grooming aids section.

"I'd say that 90% of all the men's fragrances we sell are purchased by women," said one source. "By keeping the men's fragrances close to women's fragrances, we're trying to get that impulse sale, and we're also trying to make it easier for women who are gift hunting."

Buyers add that one of the main reasons men's knockoff fragrances aren't selling strongly is that the typical buyer—the woman—just isn't responding to the category.

"Women aren't buying the men's knockoffs as gifts," said Mary Baker at Hook's, "and men aren't picking them up for themselves. You need a good, strong customer base for this type of category, and we aren't seeing it develop."

TRENDS

After-shaves solid sellers in men's toiletries

Continued from page 15

were items, such as Consort, that focused on grooming. "In the past," he said, "there was a mystique associated with the well-groomed look, and men were willing to spend money on lotions and fragrances and hair sprays.

"Then the 60's came along, and that mystique sort of died out for a while. Now it seems to be coming back a little."

However, while the sprays for men seem to be doing all right, the mousse segment for men seems to be dead.

Several buyers said the category "was never even alive for us. Men aren't buying mousse for themselves. If they're using it, they're using whatever their wives or their girlfriends have in the cabinet. Men's mousse never even got off the ground."

ADF's a question mark

The alternative designer fragrances for men is getting mixed reviews. Some buyers say the segment is a completely dud, while others report sales are building slowly.

In the New York market, Lefferts reported some success with the men's knockoff fragrances put out by Deborah International.

Lefferts said sales for the line are gathering momentum slowly. We're doing fairly well with the line," he said, "especially with the Polo alternative."

Dart's De Long said Parfums de Coeur's ADFs, Apollo and Lancer, are "doing O.K., but they're not selling like Primo and Ninja." Other chains are reporting good sell-throughs with the new Classic Match line put out by Delager International.

Greene, however, pointed out that women may not be as likely to buy an ADF as a gift for a husband or boyfriend as they are to buy one for themselves. He also said he thinks men aren't as likely as women to buy an ADF for themselves.

Other retailers say the category lacks a strong incentive for growth because there isn't a big enough price differential between the cost of the traditional men's designer fragrances, prestige mass fragrances like Chaps and Stetson, and alternative designer fragrances, to create a demand for the knockoffs.

"At best, there is a saving of a few dollars," said one source. "However, a woman can save as much as $20 to $50 by buying a knockoff over an original. There just isn't that same incentive in the men's category."

Best selling men's fragrances
(Dollar volume)

Brand	Market share (12 months ended June 1986)
Old Spice	9.9%
Total Chaps*	7.5
English Leather	6.9
Jovan Musk	6.5
Stetson	6.2
Brut	5.6
Pierre Cardin	4.5

*Includes Original Chaps and Chaps Musk
Source: Manufacturer estimates

Eckerd, Indian Rocks Beach, Fla., tailors assortment to vacationers' needs in this market by devoting eye-level space to disposable razors.

Upscale makeup, scents growth seen

Continued from page 4

tinue at about 2.8% per year through 1991, they forecast.

Keyed to women

"Growth will continue as increasing numbers of women enter the workforce and as the population of women over 30, who have more discretionary income and who tend to spend more on personal care, expands," they explained.

At the same time, researchers pointed to men's health & beauty aid products as an area that "promises good growth" in 1987. They specifically forecast increases in sales of "effective, practical and rational" skin care aids for men.

"Sales of skin care products will grow at a faster rate than the average for all cosmetics—about 5% through 1991," they said.

Drug store retailers said, however, that they don't expect much of that men's skin care business. *(See related toiletries article.)*

Sun care potential

Another promising sector for U.S. manufacturers is sun care, particularly sun screens, which researchers predict will command 50% of the sun care market by 1990. Eye makeup, deodorants, antiallergenic products and ethnic cosmetics will also be strong.

According to economists, cosmetics and toiletry consumption by black Americans will increase from $2.7 billion last year to $3 billion in 1987.

"Blacks spend four times more per capita than whites on health & beauty aids," they reported.

Economists also predicted that "established lines," faced with growing competition, will introduce "new and diversified products." In addition, manufacturers will emphasize "regimen buying" (purchase of two or more products) "to achieve an overall effect."

TOILET PREPARATIONS: Manufacturer Shipments, 1972-1986
(in $ millions)

1987[1]	$13,770
1986[2]	12,930
1985[2]	12,140
1984	11,665
1983	10,925
1982	10,183
1981	8,688
1980	7,874
1979	7,422
1978	7,228
1977	6,557
1976	5,896
1975	5,155
1974	4,678
1973	4,359
1972	4,053

[1]Forecast
[2]Estimated
Source: U.S. Department of Commerce

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DRUG STORE NEWS

Vol. 9/No. 6 **Serving chains, wholesalers and high-volume independents for 57 years.** Published by Lebhar-Friedman Inc. March 16, 1987

American taps Scott for Superstores post

By Dave Vaczek

PHILADELPHIA — American Stores has named former Albertson's ceo Jonathan Scott as ceo and vice chairman of its 558-store Eastern and Midwestern American Superstores Inc. company.

The Superstores division began operating in February after a corporate restructure that also created a separate drug store company, Osco, and a Western supermarket company.

The appointment reunites the team of Scott and American Stores chairman L. S. "Sam" Skaggs, who developed some of the first profitable combination stores in a joint venture of Albertson's and Skaggs Co. in the 1960's and 1970's.

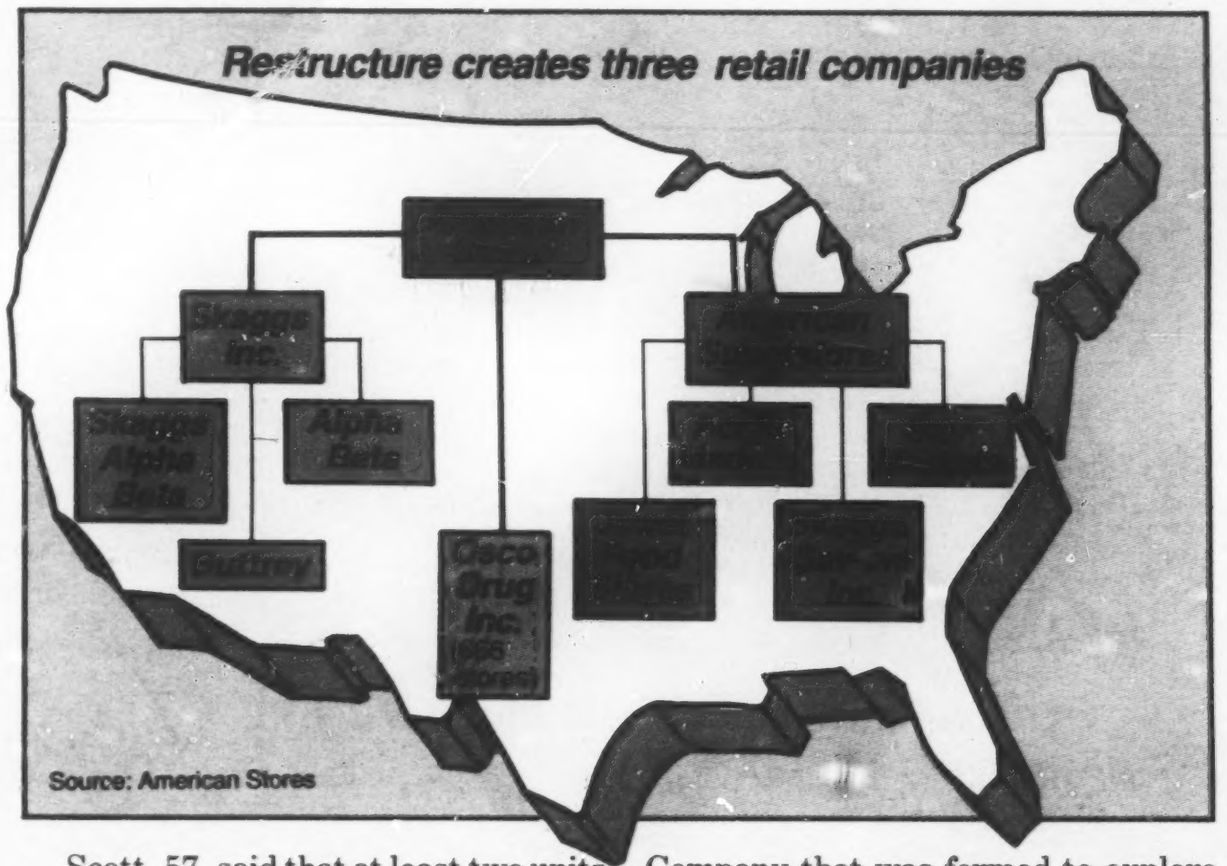
Scott became Albertson's ceo and vice chairman from 1972 to 1974. He was chairman and ceo of the Great Atlantic & Pacific Tea Co., operators of A&P Supermarkets, from 1975 to 1980. Scott has operated his own Texas-based real estate development firm since then.

Moving into Fla.

Skaggs, in a press conference here, said that as part of the American Superstores management team, Scott will oversee American Stores' first move into Florida with a new combination store format.

Scott will also head the $6.4 billion supermarket operation, which includes the 296-store Acme Markets chain based here, the Chicago-based 217-unit Jewel Food Store group, and the 45-store Star Market chain of Cambridge, Mass.

Skaggs told *Drug Store News* that as many as 10 units will be developed initially in western Florida markets.



Scott, 57, said that at least two units will be opened in 1988 in the Clearwater-Tampa-St. Petersburg area, developed by Skaggs—Sav-on Inc., an entity within American Superstores Company that was formed to explore development in the Southeast, Scott said construction will start within two months.

See **American,** *page 45*

Rite Aid's video rental price hike signals shift

By Jim Frederick

Rite Aid raised the price of its basic one-day videocassette movie rental to $1.19 in January, from 99¢.

The change may seem a minor marketing shift at first glance, but it is significant. It signals a change in the attitude of chain drug retailers tired of the low price margins and high costs that have assailed the video rental business nationwide.

Rite Aid is seeking more profitability from video rentals with a 20% rise in rental fees to $1.19, still well below most competitors' rates.

Martin Grass, Rite Aid executive vice president, said sales for the chain drug industry's premier movie source have been "very strong," and added: "We don't see the market as any more competitive than last year.

No objections raised

"We thought we could begin to pass along a higher price and increase our revenues a little without losing sales," Grass said. Early indications, he added, are that Rite Aid's

See **Rite Aid,** *page 45*

Dominick's off-price days end as 3 Jerry's close

CHICAGO — After less than a year of operation, Dominick's Finer Foods is closing its three Jerry's Deep Discount Centers here and getting out of the off-price drug store business in order to concentrate on new ventures.

Dominick's fledgling off-price division has been beset by high operating costs and lackluster sales results, a company spokesman indicated. None of the three Jerry's units—all of which are located in the Chicago area—have lived up to company expectations, local observers report.

Most disappointing, a market source said, has been the first Jerry's, which was opened last May in suburban Franklin Park. Units were added later last year in Lincolnwood and Chicago itself, but Dominick's shelved plans to open three more stores this year as sales sputtered and company managers turned their attention to Omni Super-

See **Dominick's,** *page 45*

F&M plans big in toddlin' town

CHICAGO — F&M Distributors, the rapidly growing chain of off-price drug and general merchandise stores, has targeted this major market for the bulk of its expansion efforts in 1987.

The Warren, Mich.-based retailer, which already operates eight units in Greater Chicago, will more than double its presence here this year.

"We'll open at least 10 additional stores in Chicago this year, and 17 new stores overall," said F&M president Frank Newman.

The first new Chicago-area unit will open in late April or early May, in south-suburban Merrionette Park.

The 28-store chain is still on track with plans to operate 100 deep-discount stores by 1990, Newman said.

Merchandising Spotlight

LATE NEWS

- **NASHVILLE — Malone & Hyde will add pharmacy to its deep discount equation when it opens its third Ike's deep discount store here May 1. The owner of Super D drug stores now operates two nonpharmacy Ike's units in Memphis.**
- **MELVILLE, N.Y. — Genovese was set to equip its first store with POS on March 11, with plans to install a second this summer and as many as four such systems by the end of 1987. The first installation is in Albertson, Long Island, N.Y., one of four stores the chain is opening this month.**
- **LOS ANGELES — Thrifty Corp. will report year-end sales of $1.55 billion, up 10.7%, for 12 months ended Nov. 30, under new owner Pacific Lighting. Net income hit $32 million, up 5%.**

CVS looks to S. Calif. expansion with plans to open warehouse

RANCHO CUCAMONGA, Calif. — CVS will open its West Coast distribution center in this small city of 55,000 around the middle of the year, paving the way for future expansion in Southern California.

The 632-unit drug chain currently has 37 stores open in the Greater Los Angeles market, but has been somewhat limited in its growth plans here by the high cost of real estate and a reliance on long-haul shipping and local distributors. CVS moves as much as 90% of its merchandise in the East through its own distribution network and adheres to a policy of highly centralized inventory control.

The new distribution facility will range from 180,000 to 200,000 sq. ft., according to senior vp-marketing Gary Charboneau. Its size will depend ultimately on whether the chain chooses to locate its Western regional headquarters offices at the site. The site is an industrial park some 50 miles east of Los Angeles, near San Bernardino.